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## **Michigan's comeback continues with release of governor's budget plan**

*Education, health, roads among investment priorities*

LANSING, Mich. – Gov. Rick Snyder today presented to the Legislature his recommended fiscal year 2014 state budget, an investment blueprint that moves Michigan forward and continues its emergence as the nation's comeback state.

This is Snyder's third budget in a row that establishes a fiscally responsible trend of the state spending within its means, while making strategic investments for Michigan's future and quality of life. The recommended budget invests in priorities such as roads, education, health, human services, job growth and public safety.

"It's clear that Michigan is on the comeback," Snyder said. "We are creating more jobs, our unemployment rate has improved, personal income for families is increasing, and our population is growing again. The measures we have taken to fix our tax system and get our budget in long-term balance are paying dividends. I am pleased to recommend a budget that keeps the momentum moving in the right direction."

Once again, Snyder also offered a 2015 projected budget to help policymakers with long-range planning that ensures the state's fiscal house remains in order long into the future. Michigan residents and businesses can rest assured that the state budget is in a strong financial position.

The budget plan was outlined by Snyder during a joint session of the House and Senate appropriations committees. Lt. Gov. Brian Calley and State Budget Director John Nixon also took part in the presentation.

"We are on course and moving in the right direction," Calley said. "The days of budget peril and government shutdown that plagued Michigan for much of the decade leading up to 2010 are behind us. Michigan has emerged as a state recognized for fiscal responsibility and smart budgeting principles that have put us on the comeback trail."

More than 75 percent of the total budget is devoted to education and health and human services. State spending is again tied to measured outcomes through the use of performance metrics, continuing the strong focus on value for money.

“We are in a strong fiscal position here in Michigan,” Nixon said. “Others across the country are taking note of the tremendous work we have done to get our budget into structural balance, reduce our long term liabilities, and make deposits in our budget stabilization fund.”

The overall reduction in the state’s post-retirement liabilities since the governor has taken office is \$21.3 billion, including \$15.6 billion related to school employee pension changes and \$5.7 billion related to state employee pension reforms. With a current state population of 9,883,360, that translates to over \$2,200 in savings per person.

Highlights of the recommended budget include:

### **Educating our Children**

- An additional \$130 million over the next two years (\$65 million in FY 2014) for early childhood education to establish a strong foundation for effective learning through the state’s Great Start Readiness Program, which has been successful in providing preschool programs for four-year old children who may be at risk of school failure.
- A total of \$11.5 billion in state funds for K-12, an increase of over 2 percent. The recommendation includes an equity payment to further close the foundation allowance funding gap between districts. The K-12 budget also supports online and blended learning by creating and maintaining a statewide catalog of online courses.
- An additional \$30.7 million to bolster Michigan’s 15 public universities and 28 community colleges, utilizing the same performance measures and metrics as FY 2013 and recognizing the invaluable role our higher education institutions play in effectively preparing our current and future generations for the jobs of the 21<sup>st</sup> Century.
  - \$5.8 million for community college operations, representing a 2 percent increase in funding.
  - \$24.9 million to help fund state university operations, representing a 2 percent increase in funding. Tuition restraint is included again as an incentive for funding.
- Covering \$403 million of the unfunded accrued liability in the school retirement system over and above the statutory cap of 20.96 percent, providing an additional average of \$250 per pupil and ensuring dollars that can instead be spent in the classroom while preserving sustainable benefits for public school teachers and employees.

### **Ensuring a Healthier Michigan**

- A recommendation to expand Medicaid to cover individuals up to 133 percent of the Federal poverty limit, ultimately providing health insurance coverage to 470,000 more (320,000 in FY 2014) Michigan residents and reducing the number of uninsured in the state by an estimated 46 percent.
- An investment of \$11.6 million in the continued expansion of Healthy Kids Dental to 70,500 children, ensuring more kids receive good dental care.

- An additional \$1.5 million, for a total of \$8.7 million, to support public health activities including obesity reduction, cancer screening, improved diabetes care and pregnancy prevention/family planning programs.
- A new investment of \$5 million in mental health innovations for youth which includes home-based mental health services, care management and treatment for high-risk youth, and mental health training and awareness programs to assist in identifying youth with mental health needs and guiding them to treatment resources.
- A total of \$3 million in health innovation grants in the Department of Community Health to provide funding to community organizations and coalitions to devise innovative approaches to improving Michigan's health care system.
- An additional \$2.5 million for the Infant Mortality Reduction Plan to reduce the number of infant deaths.
- A new investment of \$1.6 million for a jail diversion initiative to help those with mental illness or substance abuse diagnoses so they can be diverted from the criminal justice system to receive the medical attention they need.

### **Driving the Economy Forward: Investing in Infrastructure**

- An additional \$1.2 billion to adequately maintain and improve Michigan's roads, which will continue to deteriorate without greater investment. This will be accomplished by increasing motor fuel taxes to a flat rate of 33 cents per gallon while eliminating the disparity between gasoline and diesel fuels for two years, and then adjusting the per-gallon rate through a dynamic new formula that modernizes the collection of motor fuel taxes and better responds to market conditions. The plan also calls for increasing registration fees for vehicles, trucks and trailers.
- A total of \$211.7 million for transit operating assistance programs, \$89.9 million for transit services development, and \$63.6 million for rail passenger and freight programs to bolster and support all forms of transportation.

### **Supporting Job Creation**

- An additional \$27.5 million to grow Michigan's economy through business development and community revitalization efforts, including \$20 million for a new debt financing program providing creative financing solutions to assist banks and other lenders to extend capital in underserved communities.
- A total of \$10 million for a new skilled trades training program to encourage more residents to master a skilled trade and to address job-to-talent mismatches.
- Continues \$9.8 million for the Community Venture initiative, a public-private nonprofit partnership that will hire structurally unemployed residents from distressed neighborhoods with an initial focus on Flint, Detroit, Pontiac and Saginaw.
- A total of \$3 million for a new Food and Agriculture Industry Growth Initiative focused on removing barriers and leveraging opportunities identified by food processors, agri-business, and those in agricultural production critical to business development and growth.

### **Bolstering Human Services**

- A total of \$6.2 million to expand the Pathways to Potential service delivery model that puts the state's social workers in local communities where they can directly and more easily connect with clients.

- A total of nearly \$970 million in Michigan's child welfare system to provide child welfare services for abused and neglected children.
- A total of \$190.8 million for foster care payments for 6,600 children in out-of-home care to provide care and supervision until children are returned to their parents or are adopted.
- A total of \$217.4 million for 27,000 adoptions to support children who have been part of a successful adoption program within the Department of Human Services.
- A total of \$2.8 million in federal funds to support the one in six Michigan residents who receive food assistance, providing food to 1.6 million people across Michigan.
- A total of \$239.4 million for the Family Independence Program to provide financial support for 48,240 families intended to encourage employment and self-sufficiency.
- A total of \$235 million in federal and state funds to support heating assistance programs, including funding for the new Michigan Energy Assistance program, where the governor recommends creating a permanent Low-Income Energy Assistance Fund supported with \$60 million to provide heating assistance to low-income families and seniors.
- A total of \$180 million for the child support program to help Michigan children obtain financial support from absent parents.
- A total of \$185 million for adult services to assist seniors and people with disabilities to live in the least restrictive setting, free from abuse and exploitation and preserving their independence, choice and dignity.

### **Serving Veterans**

- A total of \$8.6 million to create a new agency within the Department of Military & Veterans Affairs to focus directly on improving services to 700,000 veterans who have bravely served the state and our nation, helping connect veterans with the services they need.
- A total of \$65.6 million for the Grand Rapids and D. J. Jacobetti Veterans Homes, which provides direct nursing care for 794 resident veterans.
- A total of \$20.9 million to address special maintenance needs at the 43 armories and federal military facilities in Michigan, including \$500,000 for the veterans homes.

### **Making Michigan Safer**

- A total of \$15.2 million to train an additional 107 troopers through the Michigan State Police Training Academy to patrol Michigan roadways and communities, helping to protect and improve public safety all across Michigan.
- A total of \$9.5 million for blight elimination to continue demolishing vacant and abandoned properties, thereby promoting public safety, the stabilization of property values, and enhancing economic development opportunities.
- A total of \$4 million for the Good Neighbor Program to clean up state-owned tax-reverted properties.
- A total of \$20.2 million, financed with a combination of federal grants and state building authority resources, to build a new State Emergency Operations Center at the Secondary Complex to improve state government response to emergencies, disasters and threats to homeland security.
- A total of \$18 million to train 790 corrections officers to ensure safety in prisons and to replace officers who retire or leave employment.

- A continued investment of \$3 million to continue the summer youth employment initiative for at-risk youth with an emphasis on serving youth in Pontiac, Flint, Saginaw and Detroit.
- A total of \$50.3 million in funding for military preparedness for the Michigan National Guard's traditional mission of state and national defense and homeland security.
- A total of \$10.1 million for drug and alcohol courts to reduce drug and alcohol convictions, including \$3 million to expand drug treatment courts and to pilot "regional driving while intoxicated/sobriety" courts.
- An additional \$2 million for mental health courts, bringing total funding to \$4.1 million to maintain nine existing mental health courts while allowing for further expansion of this successful specialty court program.

### **Protecting Natural Resources and the Environment**

- A total of \$5.9 million to hire and train 41 new Department of Natural Resources conservation officers to enforce natural resource, recreational safety and environmental protection laws.
- A total of \$9.4 million for harbor dredging to help address low water levels and ensure harbors remain passable for boaters. To address the immediate need for dredging, a 2013 supplemental totaling \$21.5 million will also be sent to the Legislature.
- A total of \$6.9 million for other waterways boating projects and \$9.5 million for repair and maintenance at state parks.
- A total of \$97 million in bond proceeds for the Department of Environmental Quality to issue grants and low-interest loans to municipalities across the state to improve water quality.
- An additional \$3 million in bond proceeds to establish a wetland mitigation bank funding program to provide grants and loans to eligible municipalities so that wetlands can be restored, created, or preserved to compensate for unavoidable impacts to wetlands.
- An additional \$2.5 million of refined petroleum funds for environmental contamination cleanup work at leaking underground storage tank sites.

### **Encouraging Good Government, Innovation**

- A total of \$268.1 million for the Economic Vitality and County Incentive programs, providing incentive-based payments to local units of government meeting best practices; an addition \$855.1 million provides constitutional and county revenue sharing payments.
- An additional \$5 million to provide support services to financially distressed communities.
- A one-time \$5 million investment for a new Regional Prosperity Program to encourage local communities to work together and develop and implement regional economic development models.
- A one-time investment of \$4 million for a Trial Court Performance Innovation Fund to create incentives for Michigan's 245 trial courts to adopt best practices, encourage positive change, and remove barriers to high performance.
- A one-time investment of \$2.5 million to expedite the implementation of the unified case management information system in trial courts and to train system users.
- A total of \$3.3 million for the Bureau of State Lottery to launch iLottery where current existing lottery games will be offered through modern digital channels of web, mobile application or tablets to help increase revenues to the School Aid Fund.

### **Maintaining and Ensuring Fiscal Responsibility**

- A deposit of \$75 million to the Budget Stabilization Fund (Rainy Day Fund), bringing the total balance to \$580 million.
- A deposit of \$103 million to the newly created Michigan Health Savings Fund to offset future health care costs (when combined with the Rainy Day Fund deposit of \$580 million, the total in state savings is \$683 million).
- An additional \$1.2 million for fraud prevention, detection and recoupment within the Department of Human Services, which will partner with the Michigan State Police and the Attorney General to augment efforts to identify and prevent fraud before a case is opened.
- A total of \$4 million for the creation of a Disaster and Emergency Contingency Fund to help the state be ready for response when an emergency or natural disaster strikes.

The Snyder administration will now work in partnership with the members of the Michigan House and Senate to enact the budget. The state's new fiscal year begins Oct. 1.

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*Copies and more details of the governor's recommended budget and related materials are available at [www.michigan.gov/budget](http://www.michigan.gov/budget)*